

Joshua A. Sussberg, P.C.

KIRKLAND & ELLIS LLP

KIRKLAND & ELLIS INTERNATIONAL LLP

601 Lexington Avenue

New York, New York 10022

Telephone: (212) 446-4800

Facsimile: (212) 446-4900

Patrick J. Nash, Jr., P.C. (admitted *pro hac vice*)

Ross M. Kwasteniet, P.C. (admitted *pro hac vice*)

Christopher S. Koenig

Dan Latona (admitted *pro hac vice*)

KIRKLAND & ELLIS LLP

KIRKLAND & ELLIS INTERNATIONAL LLP

300 North LaSalle Street

Chicago, Illinois 60654

Telephone: (312) 862-2000

Facsimile: (312) 862-2200

Counsel to the Debtors and Debtors in Possession

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:

CELSIUS NETWORK LLC, *et al.*,¹

Debtors.

)
) Chapter 11
)
) Case No. 22-10964 (MG)
)
) (Jointly Administered)
)

**NOTICE REGARDING
CALCULATION OF WITHDRAWAL PREFERENCE EXPOSURE**

PLEASE TAKE NOTICE that since the commencement of Solicitation² on the Debtors' plan of reorganization [Docket No. 3319] (the "Plan"), the Debtors have received numerous inquiries about the calculation of Account Holders' withdrawal preference exposure

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Celsius Network LLC (2148); Celsius KeyFi LLC (4414); Celsius Lending LLC (8417); Celsius Mining LLC (1387); Celsius Network Inc. (1219); Celsius Network Limited (8554); Celsius Networks Lending LLC (3390); Celsius US Holding LLC (7956); GK8 Ltd. (1209); GK8 UK Limited (0893); and GK8 USA LLC (9450). The location of Debtor Celsius Network LLC's principal place of business and the Debtors' service address in these chapter 11 cases is 50 Harrison Street, Suite 209F, Hoboken, New Jersey 07030.

² Capitalized terms used but not defined in this Notice have the meaning ascribed to them in the Plan or *Disclosure Statement for the Joint Chapter 11 Plan of Reorganization of Celsius Network LLC and Its Debtor Affiliates* [Docket No. 3332] (the "Disclosure Statement").

(the “Withdrawal Preference Exposure”), as listed on their ballots (the “Ballots”), and requests to reevaluate such calculations.

PLEASE TAKE FURTHER NOTICE that as defined in the Plan, Withdrawal Preference Exposure means (i) the aggregate value of all assets an Account Holder withdrew from the Debtors’ platform in the 90 days prior to the Petition Date (*i.e.*, on or after April 14, 2022), valued as of the time of such withdrawals *less* (ii) the aggregate value of any deposits such Account Holder *made after such Account Holder’s first withdrawal in such period*, valued as of the time of such deposits. *See* Plan, Art. I.A.270, p. 24 (emphasis added).

PLEASE TAKE FURTHER NOTICE that the Disclosure Statement sets forth a detailed explanation of the Account Holder Avoidance Action Settlement and the calculation of the Withdrawal Preference Exposure, including a chart illustrating how specific transactions affect calculation of the Withdrawal Preference Exposure. *See* Disclosure Statement, Art. III.PP, pp. 76 – 82. The chart indicating how specific transactions affect calculation of the Withdrawal Preference Exposure, located on pages 77 – 80 of the Disclosure Statement, is also attached as **Exhibit A** to this Notice.

PLEASE TAKE FURTHER NOTICE that after reviewing and evaluating certain inquiries related to the calculation of creditors’ Withdrawal Preference Exposure, the Debtors, in consultation with the Official Committee of Unsecured Creditors (the “Committee”), have determined to provide additional guidance and clarification on the calculation of the Withdrawal Preference Exposure, including that:

1. It is necessary to clarify the treatment of Account Holders with a Withdrawal Preference Exposure of exactly \$100,000; and

2. Certain Account Holders with specific fact patterns relating to their withdrawals where the funds were ultimately returned to an Earn Account under common control, some of which are detailed further below, may be eligible for a recalculation and reduction of their Withdrawal Preference Exposure.

Please review the below information and guidelines to determine if your Withdrawal Preference Exposure may subject to recalculation and how to request an evaluation of your specific facts and circumstances.

PLEASE TAKE FURTHER NOTICE that if your Withdrawal Preference Exposure, as listed on your Ballot, is **exactly** \$100,000, you will receive the same treatment as those Account Holders with a Withdrawal Preference Exposure of less than \$100,000. Specifically, under the Account Holder Avoidance Action Settlement, the Debtors will release all claims against Account Holders with a Withdrawal Preference Exposure of exactly \$100,000 or less if the Account Holder (i) is not an Excluded Party, (ii) votes **all Claims** to accept the Plan, and (iii) agrees to release all claims against the Released Parties (*i.e.*, does not opt out of the releases in the Plan).³ See Plan, Art. IV.B.3, pp. 39 – 40. This clarification will be reflected in either a further revised Plan or the Confirmation Order.

PLEASE TAKE FURTHER NOTICE that subject to certain conditions outlined further below, Account Holders may be eligible for an adjusted Withdrawal Preference Exposure in

³ For clarity, the Disclosure Statement previously stated that Account Holders with a Withdrawal Preference Exposure equal to \$100,000 and above would only receive a release of the Debtors' preference claims against them if they (i) vote **all Claims** to accept the Plan; (ii) agree to release all claims against the Released Parties; and (iii) provide the Debtors or the Litigation Administrator, as applicable, with a Cash, Bitcoin, or ETH payment equal to 27.5% of such Account Holder's Withdrawal Preference Exposure no later than 14 days prior to the expected Effective Date of the Plan. See Disclosure Statement, Art. III.PP.2. Because the Plan is silent on this issue, the Debtors and the Committee have agreed that any Withdrawal Preference Exposure **equal** to \$100,000 is now eligible for the Account Holder Avoidance Action Settlement on the same terms as Withdrawal Preference Exposure less than \$100,000.

situations where cryptocurrency was transferred between accounts with common ownership (except for any transfers from an Earn Account to a Custody Account as further explained in Article III.PP, pp. 76 – 82 of the Disclosure Statement), where cryptocurrency was transferred between Account Holders that (1) are married to each other, are in domestic partnerships, or are parent and child and (2) a withdrawal from one Earn Account was followed by a contemporaneous deposit in a different Earn Account in an equal amount (*i.e.*, cryptocurrency was completely removed from the Celsius platform but then re-deposited in an equal amount onto the Celsius platform in a different Earn Account belonging to the same individual and/or having common ownership substantially contemporaneously (meaning within 24 – 48 hours, although timing may vary depending on the specific facts and circumstances)), or other similar situations. Example scenarios that meet these guidelines include the following:

- An individual Account Holder transferred cryptocurrency from her individual Earn Account to a corporate Earn Account. The corporate Earn Account is registered to an entity that the applicable individual Account Holder solely owns. Because the accounts are under common ultimate ownership and no cryptocurrency left the Celsius platform (because it was transferred from one Earn Account to another under common ownership), this Account Holder may be eligible for an adjusted Withdrawal Preference Exposure.
- An Account Holder transferred cryptocurrency from his individual Earn Account to his Custody Account and withdrew it from the Celsius platform. Two days later, the Account Holder deposited that same amount of cryptocurrency onto the Celsius platform into a corporate Earn Account, which is registered to an entity of which the individual Account Holder is the sole owner. As in the first scenario described above, this Account Holder may be eligible for an adjusted Withdrawal Preference Exposure because, even though cryptocurrency was first transferred to a Custody Account and then completely withdrawn from the Celsius platform, the individual and corporate Earn Accounts are under common ownership and the exact amount of cryptocurrency was ultimately re-deposited onto the Celsius platform in the commonly-owned Earn Account.
- An Account Holder with a retail loan and an individual Earn Account received a margin call on his loan. His wife, who also has an individual Earn Account, transferred cryptocurrency from her Earn Account to her husband's private wallet so that he could transfer the cryptocurrency to the Debtors and satisfy the margin call. The husband then transferred that cryptocurrency from his private wallet to his Earn Account to

satisfy the margin call. Both the husband and wife may be eligible for an adjusted Withdrawal Preference Exposure because the cryptocurrency in question was transferred between accounts belonging to husband and wife **and** the cryptocurrency was returned to an Earn account on the Celsius platform.

For the avoidance of doubt, the foregoing does not apply to ADR-Ineligible Potential Defendants and Excluded Parties, and Avoidance Actions against ADR-Ineligible Potential Defendants and Excluded Parties are expressly preserved for prosecution by the Litigation Administrator(s) after the Effective Date.

PLEASE TAKE FURTHER NOTICE that the above scenarios are examples of the types of scenarios that may, with the consent of the Debtors and the Committee, result in an adjusted Withdrawal Preference Exposure, and that Account Holders in other situations may also be eligible for a recalculation and an adjustment of their Withdrawal Preference Exposure. For the avoidance of any doubt, however, transfers from Earn Accounts to Custody Accounts will likely not result in an adjusted Withdrawal Preference Exposure. Such transfers will likely increase an Account Holder's Withdrawal Preference Exposure because they are considered transfers of the Debtors' property to the Account Holder: the Bankruptcy Court previously ruled in these Chapter 11 Cases that assets in Earn Accounts belong to the Debtors' estates while assets in Custody Accounts belong to Account Holders. *See Memorandum Opinion and Order Regarding Ownership of Earn Account Assets* [Docket No. 1822] (holding that assets in Earn Accounts are property of the Debtors' estates); Dec. 7, 2022 Hr'g Tr. 209:2–10, 217:24–218:1 [Docket No. 1684] (ruling from the bench that assets in Custody Accounts are not property of the Debtors' estates). For the avoidance of any doubt, at this time the Debtors are not also considering whether any applicable defenses under Section 547(b)(c) of the Bankruptcy Code apply to any potential Avoidance Action.

PLEASE TAKE FURTHER NOTICE *that to be eligible for an adjustment and reevaluation of your Withdrawal Preference Exposure, you must comply with the following conditions.* *First*, you must provide documentation of the transactions at issue that you believe should result in an adjustment of your Withdrawal Preference Exposure in accordance with the above guidelines to CelsiusCreditorQuestions@kirkland.com. The Debtors will review and verify the information submitted in consultation with their advisors and the Committee to determine if such transactions should result in an adjusted Withdrawal Preference Exposure. To be clear, submission of evidence alone ***will not result in an automatic adjustment of your Withdrawal Preference Exposure, and the Debtors must confirm the details of your transaction history and consent to the adjusted Withdrawal Preference Exposure.*** *Second*, you ***must*** vote all Claims to accept the Plan, which is a requirement to participate in the Avoidance Action Account Holder Settlement, and comply with any other applicable conditions of the Account Holder Avoidance Action Settlement. *See* Disclosure Statement, Art. III.PP, pp. 76 – 82. Once voting on the Plan ends⁴ and during the tabulation of votes, the Debtors, the Committee, and/or the Litigation Administrator(s) will review and verify all requests for adjusted Withdrawal Preference Exposures and will inform Account Holders by email of any appropriate adjustments. If the Debtors, the Committee, and/or the Litigation Administrator(s), each in its sole discretion, determine that (a) the evidence provided by an Account Holder seeking an adjusted Withdrawal Preference Exposure is insufficient and/or does not support an adjustment, ***and/or*** (b) an Account Holder that requested an adjusted Withdrawal Preference Exposure either voted to reject the Plan or abstained from voting on the Plan, then the Account Holder's original Withdrawal Preference Exposure will control.

⁴ The deadline to vote to accept or reject the Plan is ***September 22, 2023, at 4:00 p.m. prevailing Eastern Time.***

PLEASE TAKE FURTHER NOTICE that the submission of information may expedite distributions for any Account Holders who vote to accept the Plan and whose Withdrawal Preference Exposure remains above \$100,000 after any applicable adjustments by expediting the resolution of such Account Holders' Withdrawal Preference Exposure.⁵

PLEASE TAKE FURTHER NOTICE that any Account Holder who believes that his or her Withdrawal Preference Exposure should be adjusted should contact the Debtors at CelsiusCreditorQuestions@kirkland.com. Any requests for recalculation of Withdrawal Preference Exposure must be received on or before the Voting Deadline, which is ***September 22, 2023, at 4:00 p.m. prevailing Eastern Time***. The Debtors will use commercially reasonable efforts to review and respond to such requests prior to the start of the Confirmation Hearing on October 2, 2023.

PLEASE TAKE FURTHER NOTICE that the Disclosure Statement, Plan, and other pleadings filed in the above-captioned chapter 11 cases may be obtained free of charge by visiting the website of Stretto at <http://www.cases.stretto.com/Celsius>. You may also obtain copies of any pleadings by visiting the Court's website at <http://www.nysb.uscourts.gov> in accordance with the procedures and fees set forth therein.

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⁵ The Plan provides that "[n]otwithstanding anything to the contrary in the Plan, the Distribution Agent shall not be required to make a distribution to any Account Holder with unresolved Withdrawal Preference Exposure until such Withdrawal Preference Exposure is resolved." See Plan, Art. IV.B.3, pp. 39 – 40.

New York, New York
Dated: September 18, 2023

/s/ Joshua A. Sussberg

KIRKLAND & ELLIS LLP

KIRKLAND & ELLIS INTERNATIONAL LLP

Joshua A. Sussberg, P.C.

601 Lexington Avenue

New York, New York 10022

Telephone: (212) 446-4800

Facsimile: (212) 446-4900

Email: joshua.sussberg@kirkland.com

- and -

Patrick J. Nash, Jr., P.C. (admitted *pro hac vice*)

Ross M. Kwasteniet, P.C. (admitted *pro hac vice*)

Christopher S. Koenig

Dan Latona (admitted *pro hac vice*)

300 North LaSalle Street

Chicago, Illinois 60654

Telephone: (312) 862-2000

Facsimile: (312) 862-2200

Email: patrick.nash@kirkland.com

ross.kwasteniet@kirkland.com

chris.koenig@kirkland.com

dan.latona@kirkland.com

Counsel to the Debtors and Debtors in Possession

Exhibit A

Withdrawal Preference Exposure Calculation – Transaction Chart

Transaction Type	Transaction Description	Preference Treatment
Deposit	Incoming transfer of assets into an Account Holder's Celsius Account that results in an increase in the account balance of coin that was deposited.	Decreases an Account Holder's Withdrawal Preference Exposure if Deposited to Earn or Withhold. Does not change an Account Holder's Withdrawal Preference Exposure if Deposited to Custody.
Withdrawal	Asset withdrawals are reductions to an Account Holder's balance.	Increases an Account Holder's Withdrawal Preference Exposure if Withdrawn from Earn or Withhold. Does not change an Account Holder's Withdrawal Preference Exposure if Withdrawn from Custody.
Inbound Transfer	CellPay was a crypto-remittance product where Account Holders were able to initiate crypto-asset transfers to other Celsius Account Holders. Instead of initiating a transfer to a crypto wallet address, a link was generated and shared with the proposed receiver. This represents the inbound side of the transaction.	Decreases an Account Holder's Withdrawal Preference Exposure if received in Earn or Withhold. Does not change an Account Holder's Withdrawal Preference Exposure if received in Custody.
Outbound Transfer	See above. This represents the outbound side of the transaction.	Increases an Account Holder's Withdrawal Preference Exposure if sent from Earn or Withhold. Does not change an Account Holder's Withdrawal Preference Exposure if sent from Custody.
Internal Account Transfer	Movement of funds between Celsius Earn, Custody or Withhold account types.	Increases Account Holder's Withdrawal Preference Exposure if

Transaction Type	Transaction Description	Preference Treatment
		<p>the Transfers are made from Earn or Withheld to Custody.</p> <p>Decreases Account Holder's Withdrawal Preference Exposure if the Transfers are made from Custody to Earn or Withheld.</p>
Swap In	Represents the funds received in a swap transaction (e.g. if you buy 1 BTC with 30,000 USDC, you will see a swap in transaction for + 1 BTC).	<p>Increases Account Holder's Withdrawal Preference Exposure if Swapped into Custody.</p> <p>Does not change Account Holder's Withdrawal Preference Exposure if Swapped into Earn or Withheld.</p> <p>[NOTE: Netted out with Swap Outs, overall.]</p>
Swap Out	Represents the funds paid in a swap transaction (e.g. if you buy 1 BTC with 30,000 USDC, you will see a swap out transaction for -30,000 USDC).	<p>Decreases Account Holder's Withdrawal Preference Exposure if Swapped Out from Custody.</p> <p>Does not change Account Holder's Withdrawal Preference Exposure if Swapped Out from Earn or Withheld.</p> <p>[NOTE: Netted out with Swap Ins, overall.]</p>
Loan Principal Payment	Represents the amounts funded for the loan and the amounts paid by the Account Holder to repay loan principal.	<p>Incoming Loan Principal Payment (Payment from Celsius to Account Holder):</p> <ul style="list-style-type: none"> Increases Account Holder's Withdrawal Preference Exposure if Incoming Loan Principal Payment is made to Custody or made in USD. Does not change Account Holder's Withdrawal Preference Exposure if Incoming Loan

Transaction Type	Transaction Description	Preference Treatment
		<p>Principal Payment is made to Earn or Withheld.</p> <p>Outgoing Loan Principal Payment (Payment from Account Holder to Celsius):</p> <ul style="list-style-type: none"> Decreases Account Holder's Withdrawal Preference Exposure if Outgoing Loan Principal Payment is made from Custody or made in USD (i.e., USD payments from outside of the platform). Does not change Account Holder's Withdrawal Preference Exposure if Outgoing Loan Principal Payment is made from Earn or Withheld.
Loan Interest Payment	Represents payments made to satisfy loan interest.	<p>Decreases Account Holder's Withdrawal Preference Exposure if Loan Interest Payment is made from Custody or made in USD (i.e., USD payments from outside of the platform).</p> <p>Does not change Account Holder's Withdrawal Preference Exposure if Loan Interest Payment is made from Earn or Withheld.</p>
Loan Principal Liquidation	Represents the amount of collateral sold to pay off the borrowed principal (e.g. if a loan for \$20K USD is liquidated, and the price of BTC is \$16K then this field will equal -1.25 (BTC); number should be a negative)). This transaction reduces the overall Account Holder account balance (of the token held in collateral) by the amount of the token that was liquidated.	<p>Decreases Account Holder's Withdrawal Preference Exposure if Loan Principal Liquidation is made from Custody.</p> <p>Does not change Account Holder's Withdrawal Preference Exposure if Loan Principal Liquidation is made from Earn or Withheld.</p>

Transaction Type	Transaction Description	Preference Treatment
Loan Interest Liquidation	The final interest charged on the liquidation of a loan.	<p>Decreases Account Holder's Withdrawal Preference Exposure if Loan Interest Liquidation is made from Custody.</p> <p>Does not change Account Holder's Withdrawal Preference Exposure if Loan Interest Liquidation is made from Earn or Withhold.</p>
Collateral	Coin pledged as security for repayment of a loan in the event of a borrower's default. Will include any initial collateral posted as security, as well as any additional collateral provided in response to margin calls. Collateral transaction line items do not represent actual coin movement. These line items reflect system designations that separately identify pledged coin from non-pledged coin in a given account.	<p>Incoming Collateral (From Celsius to Account Holder):</p> <ul style="list-style-type: none"> Increases Account Holder's Withdrawal Preference Exposure if Incoming Collateral is returned to Custody. Does not change Account Holder's Withdrawal Preference Exposure if Incoming Collateral is returned to Earn or Withhold. <p>Outgoing Collateral (From Account Holder to Celsius):</p> <ul style="list-style-type: none"> Decreases Account Holder's Withdrawal Preference Exposure if Outgoing Collateral is made from Custody. Does not change Account Holder's Withdrawal Preference Exposure if Outgoing Collateral is made from Earn or Withhold.